



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

**75 Hawthorne Street
San Francisco, CA 94105-3901**

**OFFICE OF THE
REGIONAL ADMINISTRATOR**

The Honorable Nanette Diaz Barragán
U.S. House of Representatives
1320 Longworth House Office Building
Washington, DC 20515

Dear Representative Barragán,

Thank you for your June 1, 2017 letter to Environmental Protection Agency (EPA) Administrator Scott Pruitt regarding the proposed title V permits for Tesoro's Los Angeles Refinery Integration and Compliance Project (project) in Carson and Wilmington, CA. We have been asked to respond to you. We appreciated the opportunity to discuss the project with you on June 7 and with your staff on June 12, and wish to address the concerns raised in your letter.

EPA's role is to ensure the combined Tesoro facility meets all its federal regulatory requirements, both now and as the facility undergoes modifications in the future. Under the Clean Air Act (CAA), the South Coast Air Quality Management District (SCAQMD) is the permitting authority for the Tesoro refineries, while we are responsible for oversight of SCAQMD's actions. In this capacity, we have been engaged with SCAQMD since March 2016 to review and provide comments on the proposed title V permit revisions. Our detailed technical review focused on several key areas, including verification that any new emission source at the refinery will use the best air pollution controls, that emissions calculations are accurate and were appropriately performed, and that there is transparency in the title V permitting process.

On May 24, 2017, SCAQMD submitted to EPA the proposed title V permit revisions for this first phase of the project. After careful review, we have concluded that the permit revisions meet all CAA requirements. Therefore, we have notified SCAQMD that we have no objection to these title V permit revisions; see enclosed. In addition, as discussed with your staff, we have reviewed the project for applicability under a separate set of CAA permitting requirements, the Prevention of Significant Deterioration (PSD) program. While PSD is a federal requirement relevant in parts of the nation that currently meet all ambient air quality standards, it remains a federal requirement for the South Coast area; we routinely review large sources of air emissions to determine whether the PSD requirements apply. We have concluded that PSD does not apply to this project, and have notified Tesoro and SCAQMD of our determination in a separate letter dated June 20, 2017; see enclosed.

The public may petition the EPA Administrator to object to these permit revisions until September 6, 2017. If during the petition period, a petitioner demonstrates that a permit is not in compliance with the requirements of the CAA, the EPA Administrator is required to object to its issuance. As we discussed with your staff, we will review all future modifications proposed for the project in subsequent title V permit revisions developed by SCAQMD to ensure all CAA requirements are met and that the best controls are implemented to minimize air pollution.

In addition to issues with the proposed title V permit, your letter noted concerns regarding SCAQMD's Environmental Impact Report (EIR) for the project. California has many requirements that go beyond what is federally required. The EIR results from requirements under the California Environmental Quality Act (CEQA). It is our understanding that under State law, SCAQMD must complete the CEQA process before issuing a permit. However, because CEQA and the EIR are both State of California requirements, we have no jurisdiction in the CEQA process.

You also expressed concern about certain changes at the refinery, specifically the construction of a sulfuric acid regeneration plant and the addition of several new petroleum storage tanks. The proposed title V permit revisions currently under review concern only the first phase of the refinery integration and do not include the new sulfuric acid regeneration plant or new petroleum tanks. Their construction has not been authorized by SCAQMD. It is our understanding that Tesoro has not yet submitted permit applications for these units. When Tesoro may submit permit applications in the future, SCAQMD will need to revise the title V permits to include these units. At that time, SCAQMD will be required to provide an opportunity for the public and EPA to provide input on the permit actions for those new units.

Tesoro is also subject to CAA requirements referred to as Risk Management Program regulations. Tesoro is obligated to evaluate and resubmit an updated Risk Management Plan under CAA 112(r)(7) to reflect any covered process changes or additions including, but not limited to, the proposed sulfuric acid regeneration plant. EPA has a federal lead role for the Risk Management Plans. Once any covered process changes or additions are implemented, we will ensure that Tesoro updates its Risk Management Plan. We will coordinate this effort with the Los Angeles County and City Fire Departments that manage safety and emergency response programs and update your staff.

We hope that this information has been helpful in responding to your concerns. We shall keep your office informed as we continue our oversight of this project. If we can be of further assistance, please call me at (415) 972-3572 or refer staff to our Congressional Liaison, Brent Maier, at (415) 947-4256 or maier.brent@epa.gov.

Sincerely yours,

 20 June 2017
Alexis Strauss
Acting Regional Administrator

Enclosures (2)